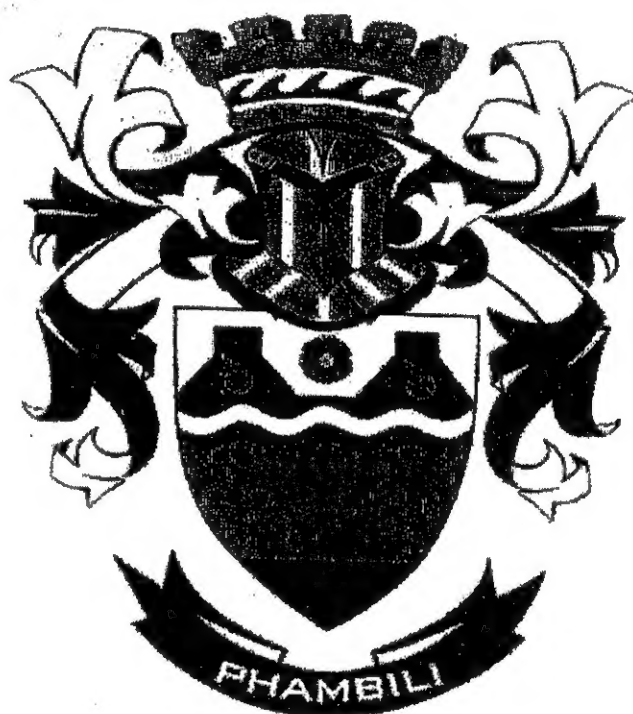


SUNDAYS RIVER VALLEY MUNICIPALITY



**FINANCIAL STATEMENT
30 JUNE 2005**

SUNDAYS RIVER VALLEY MUNCIALITY
FINANCIAL STATEMENTS
30 JUNE 2005

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GENERAL INFORMATION

Members Of Council

- 1 F Adams
- 2 J Bona
- 3 R Carolus
- 4 SJ Delpont
- 5 JH Human
- 6 DC Jonas
- 7 LJ Kula
- 8 ZA Lose
- 9 GX Mazungula
- 10 VM Tambo
- 11 MJ Tiyo
- 12 VS Tshaka
- 13 M Viannie

Mayor

ZA Lose

Grading of Municipality

4

Auditors

Auditor-General

Bankers

First National Bank

Registered Offices

30 Middle Street
Kirkwood
6120
Tel: (042) 2300310
Fax 042-2301799

P.O. Box 47
Kirkwood
6120

Municipal Manager

Mr. K Singanto
Master Degree in Public Administration

Chief Financial Officer

Mr. MR Abdullah
B. Com (Hon), LIMFO., (Registered Municipal Accountant)

Approval of Financial Statements

The Municipal Finance Management Act 56 of 2003 requires in section 122(1)(a) is herewith complied to.

The Financial Statements as set out were approved by the Municipal Manager and the Chief Financial Officer on 30 August 2005 and presented to Council on 15 September 2005 for information.



MUNICIPAL MANAGER



CHIEF FINANCIAL OFFICER

FOREWORD

The 2004/2005 Financial Statements are a representation of the accounting and trading activities of the Sundays River Valley Municipality.

Income generated was received from two main sources i.e. consumer payments for the deliverance of basic services and a direct transfer from National Treasury, Equitable Share. All income received was utilised for the commitments represented on the Operating and Capital Budget.

Expenditure on the operating budget was fully covered by actual income received. Expenditure in it's nature represents the deliverance of the Budget Commitment.

I would like to express my appreciation to all the Councillors and gratitude to Management and all the municipal staff for the support, honest dedication and hard work to the course of serving our people.


MUNICIPAL MANAGER
Mr. NK Singanto

ACCOUNTING POLICIES

1. BASE OF PRESENTATION

- 1.1 These financial statements conform to the standards laid down by the Institute of Municipal Financial Officers in its Report on the Standardisation of Financial Statements of Local Authorities (2nd Edition - September 1996).

The financial statements have been prepared in the new format as set by the above institute.

- 1.2 The financial statements are prepared on the historic cost basis. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

- 1.3 The financial statements are prepared on the accrual basis:

- Income is accrued when collectable and measurable. Certain income is accrued when received such as traffic fines and licences.
- Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

The balance sheet includes the Rates and General Service, Housing Service, Trading Services and the different funds, reserves and provisions. All interdepartmental charges are set-off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water, which are treated as income and expenditure in the respective departments.

3. FIXED ASSETS

- 3.1 Fixed assets are stated at historical cost while they are in existence and fit for use. Certain replaceable assets such as furniture and equipment, water reticulation, sewer reticulation, roads and drainage, vehicles and plant are stated at depreciated value and are written down over their estimated useful life.

- 3.2 The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation. By way of this "provision" assets are written down over their estimated useful life.

Apart from advances from the various funds, Assets may also be acquired through:

Appropriation from Income. The full cost of the asset forms an immediate and direct charge against the operating account.

Grants and Subsidies. The amount representing the value of the Grants and Subsidies is credited to the "Loans Redeemed and Other Capital Receipts" account.

- 3.3 All net proceeds from sale of fixed property are credited to the Consolidated Capital Development and Loan Fund. Net proceeds from the sale of other assets are credited to the Capital Account.

3.4 Financing

Capital Assets are financed from different sources including external loans, provision and reserves, operating income, grants, subsidies and internal advances. Advances are repaid over the estimated lives of the assets in accordance with the guidelines issued by Province. Advances from the Consolidated Capital Development and Loans Fund are repaid on any annuity basis.

3.5 Interest Rates: Advances from Consolidated Capital Development and Loan Fund.

Advances made are required at market related interest rates. Advances made during the 1998/99 financial year are repayable at an interest rate of 16%.

3.6 Revaluation

With the implementation of the of the new asset management system, in compliance with the compilation of the asset register legislation and in the absence of detailed records, supporting historical cost assets were revalued to approximate current replacement values. The accounting treatment of these assets will be in accordance with the new GAMAP 113 statements.

4. INVESTMENTS

Investments are reflected at cost plus capitalised interest and comprise securities as prescribed in terms of the Local Authorities (Investment of Funds) Ordinance No 23 of 1935.

5. CONSOLIDATED CAPITAL DEVELOPMENT AND LOANS FUND

All loans raised and moneys in hand of Council not immediately required for the defrayment of expenditure is pooled in this fund so as to facilitate the control and management thereof. The moneys in the fund may be utilised to repay loans raised, finance capital expenditure and defray expenses incurred in connection with the raising of loans.

6. SELF- INSURANCE FUND

A self-insurance fund exists to provide cover for selected fixed properties where low risks exist. All other fixed assets are insured externally. Vehicles are externally insured for balance of third party, fire and theft. A self-insurance fund exists to cover the value of Council's vehicles.

Selected vehicles such as fire engines are comprehensively ensured externally.

7. MAINTENANCE RESERVE FUND

Statutory provisions are maintained for housing maintenance. Contributions to the maintenance provisions is calculated at 1% of the sum insured of the house which the tenant occupies.

8. WORKING CAPITAL

Appropriations are made on an annual basis from the operating account to the working capital reserve. A working capital reserve is maintained to provide working capital and to meet unexpected contingencies.

9. ELECTRICITY SERVICE CONTRIBUTION IN BELIEF OF RATES

The contribution is based on the electricity service operation account.

10. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute of Municipal Finance Officers Report on Accounting for Support Services (June 1999).

11. STOCK

Stock is reflected at cost.

12. RETIREMENT BENEFITS

Council operates 3 retirement schemes to which contributions are charged against operating income at the following rates:

	% OF BASIC SALARY
Cape Joint Pension Fund	18.00%
Cape Joint Retirement Fund	18.00%
S.A.L.A. Pension Fund	18.07%

Full actuarial valuation for the abovementioned funds are performed every 3 years.

13. TREATMENT OF SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the water service are transferred to the Rates and General Service. The budgeted surplus on the Electricity Service is transferred to the Rates and General Service. Any additional profit on the Electricity Service is transferred to the UITESCO accumulated fund for future Capital Development. Any shortfall on the budgeted surplus on the Electricity Service is met by the Electricity Tariff Stabilisation Account. The Produce Market, however, is a closed account and therefore any surplus or deficit is retained in that service for its own use.

14. INCOME RECOGNITION

14.1 Electricity and Water Billings

Meters in industrial areas are read at the end of each month and billed the following month. Premises with high tension electricity supplies are read and billed monthly.

Electricity and water meters in all business and residential areas are read and billed monthly.

14.2 Assessment Rates

Council applies a flat rating system. The same rate factor is applied to land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties.

Rebates are granted according to the use of the property concerned.

15. NON-DISTRIBUTABLE RESERVES

15.1 Revaluation reserve

The revaluation reserve constitutes the difference between the historical reported cost and current replacement value. This reserve will be used to counterfund the depreciation of these , assets

TREASURER'S REPORT

Introduction

It is my pleasure to present the 2004/2005 Financial Statements which are a representation of the accounting activities of this Municipality.

The Equitable Share allocation has been a major source of revenue for this Municipality during the period under review.

Detailed below is the financial report and statements of the Sundays River Valley Municipality for the year ending 30 June 2005.

1. Overall Operating Results

An analysis of the operating income and expenditure is set detailed on Appendice "D".
The overall operating results for the year ended 30 June 2005 is detailed below:

Income	Actual 2004	Actual 2005	Variance	Budget 2005	Variance Actual/Budget
	R		%	R	%
Operating income for the year	30,220,649.00	28,558,945.00	(5.50)	31,471,000.00	(9.25)
Opening Surplus/(Deficit)	5,930,502.00	456,609.00	29.01	-	#DIV/0!
Sundry Transfers					
	36,151,151	29,210,444	0.16	31,471,000.00	(15.06)

Expenditure	Actual 2003	Actual 2005	Variance	Budget 2004	Variance Actual/Budget
	R		%	R	%
Operating expenditure for the year	28,680,203.00	29,839,241.00	4.25	31,471,000.00	(4.99)
Sundry transfers/adjustments	180,151			-	#DIV/0!
Closing Surplus/(Deficit)	7,651,099.00	28,558,945.00	12.79	-	#DIV/0!
	36,151,151	29,210,444	0.16	31,471,000.00	(15.06)

Comments:

The 2004/2005 financial year has ended in a deficit of R 1340546. Operating income for the year under review decreased by 5.50% when compared to the previous year. The total actual income of R 28558945 was 9.25% less than budgeted. The total expenditure was 4.25% more than budgeted.

Category over-expenditure are:

	budgeted	actual
Repairs and maintenance	2684290	2822969
contributions	360837	476221
Salaries and Wages	13,816,408.00	14,376,717.00
Total	16,641,535.00	17,675,907.00

Over expenditure in the areas relating to general expenses is as a result under budgetary provisions and the unpredictability of inflationary increases in the acquisition of goods and services to be funded from these sources. Abnormal expenditure was committed with the agreed dismissal of the Municipal manager. The Department of Health seriously underfund the service we deliver on their behave. Otherwise a possible break-even could have been achieved.

These over spendings is however partly offset by savings on the following votes:

	budgeted	actual
General Expenses	11,966,015.00	10,367,932.00
Capital charges	1,791,873.00	803,782.00
loan Charges	94,278.00	83,571.00
Grants and Donations	8,000.00	-
Total	13,861,166.00	11,255,285.00

Break-even spending is as following votes:

	budgeted	actual
Provision for Bad Debt	968,299.00	968,299.00
Total balance	31,471,000.00	29,899,491.00

Ratio of major expenditure groups as against the total operating budget:

Category	%
Salaries, Wages and Allowance	48.08
General Expenses	34.88
Repairs and Maintenance	9.44
Capital Charges	2.69
Contribution	1.59
loans	0.28
Provisions	3.24
Grants & Donations	-
Total	100.00

Bulk purchases of water and electricity represents 24.5% (23.54% in 2004) of the total General Expenses.

1.1 Rates and General

	Actual 2004	Actual 2005	Variance	Budget 2005	Variance Actual/Budget
	R		%	R	%
Operating Income for the year	20,968,724.00	20,968,724.00	(17.59)	22,368,000.00	(22.74)
Operating Expenditure for the year	22,986,986.00	22,986,986.00	0.03	22,511,000.00	2.15
Closing Surplus/(Deficit)	(2,018,262.00)	(2,018,262.00)	(183.07)	(145,000.00)	(3,840.13)

Rates and General Service traded to a deficit of R 5713192.

Detailed expenditure is presented on annexure E

The increase in spending is a result of improving the municipalities performance in service delivery. The separation of expenditure into activities was more clearly defined. Numerous appointments were made in this year. Provision for bad debts amounted to R 968299 under municipal treasury

1.2 Housing Services

	Actual 2004	Actual 2005	Variance	Budget 2005	Variance Actual/Budget
	R		%	R	%
Operating Income for the year	137,436.00	137,436.00	(18.27)	84,000.00	75.50
Operating Expenditure for the year	59,840.00	59,840.00	304.97	233,000.00	4.01
Closing Surplus/(Deficit)	77,596.00	77,596.00	(287.55)	(169,000.00)	23.07

Housing Services traded to a surplus/(deficit) of R for the year.

The deficit is attributable to the increase in housing development services rendered by the municipality. This trend is expected to continue with new housing development projects.

1.3 Trading Services

Electricity	Actual 2004	Actual 2005	Variance	Budget 2005	Variance Actual/Budget
	R		%	R	%
Operating Income for the year	3,845,384.00	3,845,384.00	11.70	3,424,000.00	25.45
Operating Expenditure for the year	3,169,113.00	3,169,113.00	1.90	3,115,000.00	3.67
Closing Surplus/(Deficit)	676,271.00	676,271.00	57.65	309,000.00	245.04

Water works	Actual 2004	Actual 2005	Variance	Budget 2005	Variance Actual/Budget
	R		%	R	%
Operating Income for the year	5,269,105.00	5,269,105.00	30.39	5,617,000.00	22.31
Operating Expenditure for the year	2,464,264.00	2,464,264.00	39.35	5,812,000.00	(38.81)
Closing Surplus/(Deficit)	2,804,841.00	2,804,841.00	22.52	5,000.00	68,629.78

Electricity traded to a surplus of R 1066169 which is 57.65% more than last year.
Water Work traded to a surplus of R3436489 which is 22.52% more than last year.

The increase in water service profit is attributed the significant increase in the sale of water to the new rdp house built as well as increase in tariff.

Trading Service traded to a total surplus/(deficit) of R4502658 (R 3 481112 in 2004).

2. Capital Expenditure and Financing

The expenditure on fixed assets during the year amounted to R 544521 (R 1300601 in 2004).

It was materially funded by operating income generated.

3. External loans, Investment & Cash

3.1 External Loans

External loans outstanding on 30 June 2005 amounted to R47786 (R 88463 in 2004) as set out in appendix B.

3.2 Investments & Cash

Investments (unlisted) hand amount to R5592162 (R 8542634 in 2004)

Cash on hand increased to R 204337 (R 129301 for 2004)

The significant increase in investments is as a result of the actual utilization thereof in service delivery and obligations.

4.1 Accumulated Funds

More information on Funds are disclosed in notes (1 to 3) and appendix A to the financial statements.
Funds decreased to R 219884 (R 803711 in 2004).

4.2 Provisions & Reserves

More information on Funds are disclosed in notes (1 to 3) and appendix A to the financial statement.
Provisions decreased to R 8244785 (R12756052 in 2004).
Reserves decreased to R 9442 (R462115 in 2003).

5. Debtors

The total outstanding debtors balance, after the application of the provision for bad debt, totals R14497799 (R14347858 in 2004).

6. Creditors

The total outstanding creditors increased to R 1386796 (R 2062938 in 2004).

7. Trust Funds

Trust funds decreased to R 5626513 (R 8316676 in 2004)

8. Leave Reserve Fund

The balance on the Leave Reserve increased to R 1061511 (R 968767 in 2004)
This fund now represents the full liability to leave payments accrued.

9. Non-distributable reserve

The NDR is as a result of the revaluation of all the assets of the municipality during this financial year.

Expression of Appreciation

I am grateful to the Mayor, Municipal Manager, Chairperson of the Standing Committee, Councillors for the support they have given me and the staff of my directorate during the year.



MR MR ABDULLAH
DIRECTOR: FINANCIAL SERVICE

BALANCE SHEET AT 30 June 2005

CAPITAL EMPLOYED	Note	2004/2005	2003/2004
FUNDS AND RESERVES			
Statutory Funds	1	229,326	1,265,826
Reserves	3	219,884	803,711
ACCUMULATED SURPLUS/(DEFICIT)	17	9,442	462,115
		8,629,977	7,651,099
		8,859,303	8,916,925
TRUST FUNDS	2	5,626,513	8,316,674
LONG-TERM LIABILITIES	4	26,742	47,773
CONSUMER DEPOSITS	12	168,341	158,936
		<u>14,680,899</u>	<u>17,440,308</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	127,487	193,400
LONG-TERM DEBTORS	7	421,556	524,736
		549,043	718,136
INVESTMENTS	6	5,592,162	8,542,632
NET CURRENT ASSETS/(LIABILITIES)		8,539,694	8,179,540
CURRENT ASSETS		13,756,616	13,062,314
Inventory	8	9,565	8,199
Debtors	9	13,425,116	12,808,119
Petty Cash	15 & 23	40	40
Bank	15 & 23	204,337	129,301
Short term portion of long term debtors	7	117,558	116,655
CURRENT LIABILITIES		5,216,922	4,882,774
Creditors	11	1,386,796	902,816
Provisions	10	1,233,440	1,050,605
Loans: Short term portion	4	21,044	40,690
Bank Overdraft	23	2,575,642	2,888,663
		<u>14,680,899</u>	<u>17,440,308</u>

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MUNICIPAL MANAGER

DIRECTOR, FINANCIAL SERVICES

INCOME STATEMENT FOR THE YEAR ENDED 30 June 2005

	2003/2004 Actual Income	2003/2004 Actual Expenditure	2003/2004 Net Surplus/(Deficit)		2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 Net Surplus/(Deficit)	2004/2005 Budget Surplus/(Deficit)
	R	R	R		R	R	R	R
RATES AND GENERAL SERVICES	20,968,724	22,986,986	-2,018,262		17,280,852	22,994,044	-5,713,192	-145,000
Community Services	18,476,735	19,773,912	-1,297,177		14,430,735	18,517,346	-4,086,611	2,084,998
Subsidised Services	58,524	924,041	-865,517		44,902	1,625,944	-1,581,042	-1,528,000
Economic Services	2,433,465	2,289,033	144,432		2,805,215	2,850,754	-45,539	-701,998
HOUSING SERVICES	137,436	59,840	77,596		112,923	242,335	-130,012	-169,000
TRADING SERVICES	9,114,489	5,633,377	3,481,112		11,165,770	6,663,112	4,502,658	314,000
TOTAL	30,220,849	28,680,203	1,540,446		28,558,945	29,899,491	-1,340,546	0
Appropriation for the year (refer to note 17)			180,151				2,319,423	
Net surplus/(deficit) for the year			1,720,597				978,877	
Accumulated surplus/(deficit) at the beginning of the year			5,930,502				7,851,100	
ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			7,651,099				8,829,977	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2005

	Note	2004/2005 R	2003/2004 R
CASH RETAINED FROM ACTIVITIES		-1,977,115	934,538
Cash generated through activities	19	-21,394,312	-20,940,306
Income from Investments		518,507	711,606
(Increase) / Decrease in working capital	22	-22,701	-3,872,180
		-20,898,506	-24,100,880
Less: Interest paid		-12,095	-22,424
Cash available from activities		-20,910,601	-24,123,304
Cash contribution from Government		19,021,449	25,057,842
Nett income from sale of Fixed Assets		-87,963	0
CASH EMPLOYED FOR INVESTMENT ACTIVITIES			
Investment in fixed assets	5	-544,621	-1,300,601
NETT CASH FLOW		<u>-2,521,736</u>	<u>-366,063</u>
CASH RESULT FROM FINANCING ACTIVITIES			
(Increase) / Decrease in long-term loans	25	-40,677	-75,347
(Increase) / Decrease in cash investments	24	2,950,470	-703,584
(Increase) / Decrease in cash	23	-388,057	1,144,994
NETT CASH (GENERATED) / USED		<u>2,521,736</u>	<u>366,063</u>
		0	0

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 June 2005

	2004/2005	2003/2004
	R	R
1 ACCUMULATED FUNDS		
REVOLVING FUND	219,884	715,745
STATUTORY FUNDS	0	87,886
(Refer to appendix A for more detail)	<u>219,884</u>	<u>803,711</u>
2 TRUST FUNDS		
INFRASTRUCTURE DEVELOPMENT FUND	0	-422,183
I D P FUNDS	51,593	162,042
DOG TAX FUND	0	158,784
TOWN PLANNING FUND	0	78,370
LEGAL COSTS FUND	0	24,516
REZONING	26,040	24,519
PILOT HOUSING	0	30,902
SUBDIVISION MOSES MABIDA	12,398	85,928
HOUSING INV.	0	10,228
WDC INV.	0	556,570
GENERAL VALUATIONS TRUST FUND	110,586	106,636
SPATIAL DEVELOPMENT PLAN	83,075	107,422
CMIP CONTRIBUTIONS TRUST FUND	-2,692	385,622
PATERSON FUNDS	0	753,688
PATERSON MICRO ENTERPRISES CRAFT CENTRE INVESTM.	209,614	142,717
HUMAN RESOURCE DEVELOPMENT (MSP)	60,138	172,464
FREE BASIC ELECTRICITY FUND	181,724	533,847
EMSENGENI 282 EST.GRANT FUND	70,963	131,978
EMSENGENI/AQUAPARK HOUSING FUND	1,074	-131,944
MSP GRANT 2002/2003	284,744	481,286
ENON CITRUS FARM FUND	9,887	664,027
EMSENGENI PROJ.282 VAT ACCOUNT	0	520,595
KIRKWOOD CEMETERY INVESTFUND	59,664	58,185
ADDO/VALENCIA 240 SITES FUND	0	-395,310
ENON/BERSHEBA 250 SITES FUND	0	710,867
ENON/BERSHE.ESTABL GRANTFUND	0	-83,410
MOSES MABIDA 250 SITES FUND	0	1,048,627
M/M 250 SITES EST.GRANT	0	-148,098
PATERSON HOUSING PROJECT	159,358	0
PATERSON BUCKET ERADICATION FUND	1,592,239	2,521,412
ADDO/VALENCIA 240 SITES EST.GRANT FUND	0	12,587
RECT.OF ENCROACHM.PATERSON	41,777	0
RECTIFICATION OF ENCROACHMENT MOSES MABIDA	11,175	0
RECTIFICATION OF ENCROACHMENT NOMATHAMSANQA	16,610	0
MUNICIPAL SYSTEMS IMPROVEMENT GRANT FUND	158,204	0
RIVA ARTS FESTIVAL FUND	1,021	0
SURVEY OF MOSES MABIDA (40 ERVEN)	16,217	0
MUN.INFRASTRUCTURE GRANT	582,405	0
MIG-COOLING FACILITY	390,294	0
MIG-BALANCE OF FUND	1,036,220	0
MIG-KIRKWOOD/MOSES MABIDA	285,215	0
MIG-EMSENGENI FUND	26,870	0
CAPACITY BUILDING FOR WARD COMMITTEE	150,000	0
(Refer to appendix A for more detail)	<u>5,626,513</u>	<u>8,316,574</u>

3 RESERVES

MAINTENANCE & RENEWAL FUND	0	3,590
GENERAL REPAIRS FUND	0	50,388
RENT RESERVE FUND	0	44,800
SALE OF ERVEN	0	88,136
SERVICES FUND	0	239,139
WATER RESERVE	9,442	56,062

(Refer to appendix A for more detail)

9,442	462,116
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4 LONG TERM LIABILITIES

Annuity Loans	47,786	88,463
	47,786	88,463
Less Current portion transferred to current liabilities	21,044	40,690
(Refer to appendix B for mor detail on long term liabilities)	26,742	47,773

Loans bear interest at rates between 8.5% and 17.75% per annum and are repayable over periods of between five and thirty years.
No securities held over loans.

5 FIXED ASSETS

Fixed assets at the beginning of the year	125,426,951	118,547,912
Capital expenditure during the year	544,621	1,300,601
Revaluation	0	5,578,438
	125,971,572	125,426,951
Less: Assets written off, transferred or disposed of during the year	0	0
TOTAL FIXED ASSETS	125,971,572	125,426,951
Less: Loans redeemed and other capital receipts	125,844,086	125,233,551
NET FIXED ASSETS	127,486	193,400

(Refer to appendix C and section A of the Treasurer's Report for more details of Fixed Assets)

6 INVESTMENTS

Unlisted		
Short term deposits	5,592,162	8,542,632
	5,592,162	8,542,632

Management valuation of unlisted investments

Average return on investments

The Local Authorities Ordinance No.23 of 1935 requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment

at a plenary rate to meet commitments

No investments were written off during the year.

7 LONG TERM DEBTORS

Housing Loans	179,509	184,670
A.C.V.V. Loans	76,058	78,414
Car Loans	283,547	378,307
	539,114	641,391
Less Short term portion transferred to current debtors	117,558	116,655
	421,556	524,736

8 STOCK

Stock represents Raw materials, Maintenance materials and Consumables

	<u>9,565</u>	<u>8,199</u>
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9 DEBTORS

Trade Debtors
VAT Control
Sundry and other debtors
Consumer Deposits: Eskom Electricity

21,086,249	22,770,434
-56,309	521,493
459,537	2,105,235
<u>19,667</u>	<u>11,860</u>

Less Provision for bad debts

<u>21,509,144</u>	<u>25,409,022</u>
<u>7,011,346</u>	<u>11,705,447</u>

Less: VAT

<u>14,497,799</u>	<u>13,703,575</u>
<u>-1,072,683</u>	<u>-895,456</u>

<u>13,425,116</u>	<u>12,808,119</u>
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Note: VAT due to the Receiver of Revenue based on accruals to be paid when received is deducted from debtors

10 PROVISIONS

Leave Reserve
Audit fees

1,061,511	878,676
<u>171,929</u>	<u>171,929</u>

<u>1,233,440</u>	<u>1,050,605</u>
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11 CREDITORS

Trade Creditors
Deposits - Hall Rental
Deposits - Poster
Deposits - Swimming Pool
Creditors Control
Sundry Income

1,361,699	897,444
20,821	-1,264
413	363
304	304
3,559	5,969
<u>0</u>	<u>0</u>

<u>1,386,796</u>	<u>902,816</u>
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12 DEPOSITS

Electricity
Water

118,691	118,851
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<u>49,650</u>	<u>40,085</u>
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<u>168,341</u>	<u>158,936</u>
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13 ASSESSMENT RATES

Site
valuations
as at
1999

Actual
income
2005/2005

Actual
income
2004/2005

All Properties

R
83,187,061

R
3,257,710

R
2,300,010

Valuations on land are normally performed every ten years. The

last general valuation came into effect on 1 July 1999.

The basic rate was 1.849c per rand on land and 1.233c per rand

on improvements.

14 COUNCILLORS' ALLOWANCES

Meeting Fees
Travelling
Mayor's allowance
Deputy Mayor's Allowance
Councillors' allowances

8,367	2,268
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104,232	103,469
---------	---------

92,776	0
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0	0
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<u>378,606</u>	<u>450,819</u>
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<u>583,981</u>	<u>556,556</u>
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15 CASH ON HAND

Cash book balance	-2,371,305	-2,759,362
Petty cash	40	40
No assets are held as security for bank overdraft.	<u>-2,371,265</u>	<u>-2,759,322</u>

16 AUDITORS' REMUNERATION

Audit fees	0	141,055
	<u>0</u>	<u>141,055</u>

17 APPROPRIATIONS

Accumulated surplus (deficit) at the beginning of the year	7,651,100	5,930,502
Operating (deficit)/surplus for the year	-1,340,546	1,540,446
Appropriations for the year:	-2,319,423	-180,151
Income	-840,991	1,182,954
Expenditure	-1,484,582	-1,383,105
Gamap	6,150	0
Accumulated surplus (deficit) at the end of the year	<u>8,629,977</u>	<u>7,651,099</u>

Operating Account:

Capital expenditure	544,621	1,184,902
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Contributions to:

Accumulated Funds	183,634	0
Provisions	1,219,704	2,104,725
Reserves	0	-169,409
Trust Funds	0	0

18 FINANCE TRANSACTIONS

Total Interest earned or paid:

Interest paid - Interest earned on investments	345,778	516,332
Interest earned on rates	342,589	283,086
Interest Paid	12,095	22,424
	<u>700,462</u>	<u>821,842</u>

Capital charges debited to operating account:

Interest - External	12,095	22,424
Internal	5,561	10,788
Redemption - External	40,677	75,347
Internal	104,938	103,063
	<u>163,271</u>	<u>211,622</u>

19 CASH GENERATED THROUGH ACTIVITIES

(Deficit)/Surplus for the year	-1,340,546	1,540,446
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Adjustments in respect of:

Previous years' operating transactions	2,319,423	180,151
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Appropriations charged against income:

- Capital Development Fund	935,960	1,206,759
- Provisions and Reserves	183,634	0
- Fixed assets	251,405	235,316
	<u>500,921</u>	<u>971,443</u>

Capital Charges:

- Interest paid:	78,011	200,834
to internal funds	12,095	22,424
on external funds	0	0
- Redemption:	25,239	103,063
of internal advances	40,677	75,347
of external loans		

Income from Investment (Trading)

Donations and Subsidies (Trading)	-172,731	-195,275
	-831,876	-2,166,571

Non-trading income:

Income credited against Provisions and Reserves	0	0
Income credited against Funds	0	0

Non-trading expenditure:

Expenses debited against Provisions and Reserves	-22,382,553	-21,706,650
Expenses debited against Funds	-738,374	-259,500
	<u>-21,644,179</u>	<u>-21,447,150</u>
	<u>-21,394,312</u>	<u>-20,940,306</u>

→ 2103
Verord.
q 2101 stak

→ 2104
Verord.
q 2104 stak

21 INCREASE/(DECREASE) IN EXTERNAL CASH INVESTMENT

Investment at beginning of year	8,542,632	7,839,050
Investment at end of year	5,592,162	8,542,632
	<u>-2,950,470</u>	<u>703,582</u>

22 CASH UTILISED TO INCREASE/(DECREASE) WORKING CAPITAL

Increase/(decrease) in Stock	-1,366	-3,860
Increase/(decrease) in Debtors	-514,720	-4,241,611
Increase/(decrease) in Creditors	493,385	373,290
	<u>-22,701</u>	<u>-3,872,181</u>

23 INCREASE/(DECREASE) IN CASH ON HAND

General Account:		
Cash at beginning of year	-2,888,663	-2,077,770
Less: Cash at end of year	-2,575,642	-2,888,663
	<u>313,021</u>	<u>-810,893</u>
Motor Registration:		
Cash at beginning of year	129,301	141,573
Less: Cash at end of year	192,437	129,301
	<u>63,136</u>	<u>-12,272</u>
Petty Cash		
Cash at beginning of year	40	40
Less: Cash at end of year	40	40
	<u>0</u>	<u>0</u>
Traffic Fines		
Cash at beginning of year	0	0
Less: Cash at end of year	11,900	0
	<u>11,900</u>	<u>0</u>
Nomathamsanga		
Cash at beginning of year	0	321,829
Less: Cash at end of year	0	0
	<u>0</u>	<u>-321,829</u>
	<u>388,057</u>	<u>-1,144,984</u>

24 INCREASE/(DECREASE) IN INVESTMENTS

Made	58,810,861	76,719,467
Realised	-61,761,331	-76,015,885
	<u>-2,950,470</u>	<u>703,582</u>

25 INCREASE/(DECREASE) IN LONG TERM LOANS

Loans Made	0	0
Loans repaid	40,677	75,347
	<u>-40,677</u>	<u>-75,347</u>

* 2/10/2014
of 3/10/14

* 2/10/2014
of 3/10/14

APPENDIX A

ACCUMULATED FUNDS, RESERVES AND PROVISIONS

DESCRIPTION	Balance at 30 June 2004	Contribution during year	Interest on investment	Other Income	Expenditure during year	Balance at 30 June 2005
ACCUMULATED FUNDS						
REVOLVING FUND	715,745	183,634	10,843	0	690,338	219,884
STATUTORY FUNDS	87,966	0	0	-87,966	0	0
	803,711	183,634	10,843	-87,966	690,338	219,884
TRUST FUNDS						
INFRASTRUCTURE DEVELOPMENT FUND	-422,183			422,183	0	0
IDP FUNDS	162,042	0	1,926	346,785	459,160	51,593
DOG TAX FUND	158,784		9,374		168,158	0
TOWN PLANNING FUND	76,370		4,451		80,821	0
LEGAL COSTS FUND	24,516	0	897		25,513	0
REZONING	24,519		1,521			26,040
PILOT HOUSING	30,902		1,786		32,688	0
SUBDIVISION MOSES MABIDA	85,928	0	1,370		74,900	12,398
HOUSING INV.	10,228	0	594	0	10,822	0
WDC INV.	556,570	0	0	0	556,570	0
GENERAL VALUATIONS TRUST FUND	108,636	0	11,211	132,227	139,488	110,588
SPATIAL DEVELOPMENT PLAN	107,422	0	4,951	0	29,298	83,075
CMIP CONTRIBUTIONS TRUST FUND	385,622	0	34,550	159,368	582,232	-2,892
PATERSON FUNDS	753,688	0	0	0	753,688	0
PATERSON MICRO ENTERPRISES CRAFT CENTRE INVESTM.	142,717	0	9,794	200,000	142,897	209,614
HUMAN RESOURCE DEVELOPMENT (MSP)	172,464	0	0	0	112,326	60,138
FREE BASIC ELECTRICITY FUND	533,647	0	31,366	0	383,289	181,724
EMSENGENI 282 EST. GRANT FUND	131,978	0	237	0	61,252	70,963
EMSENGENI/AQUAPARK HOUSING FUND	-131,944	0	580	165,156	32,718	1,074
MSP GRANT 2002/2003	481,286	0	0	183,999	380,541	284,744
ENON CITRUS FARM FUND	664,027	0	18,853	0	672,993	9,887
EMSENGENI PROJ.282 VAT ACCOUNT	520,595	0	0	364	520,959	0
KIRKWOOD CEMETERY INVESTFUND	56,185	0	3,479	0	0	59,664
ADDO/VALENCIA 240 SITES FUND	-395,310	0	4,491	3,769,379	3,378,560	0
ENON/BERSHEBA 250 SITES FUND	710,867	0	6,180	2,809,284	3,526,331	0
ENON/BERSHEBA ESTABL GRANTFUND	-63,410	0	403	384,418	321,411	0
MOSES MABIDA 250 SITES FUND	1,046,627	0	11,107	2,298,831	3,356,565	0
M/M 250 SITES EST. GRANT	-148,098	0	179	394,203	246,284	0
PATERSON HOUSING PROJECT	0	0	2,743	3,539,031	3,382,416	159,358
PATERSON BUCKET ERADICATION FUND	2,521,412	0	151,820	0	1,080,793	1,592,239
ADDO/VALENCIA 240 SITES EST. GRANT FUND	12,587	0	259	56,465	69,311	0
RECT. OF ENCROACHM. PATERSON	0	0	1,777	40,000	0	41,777
RECTIFICATION OF ENCROACHMENT MOSES MABIDA	0	0	475	10,700	0	11,175
RECTIFICATION OF ENCROACHMENT NOMATHAMSANQA	0	0	878	15,732	0	16,610
MUNICIPAL SYSTEMS IMPROVEMENT GRANT FUND	0	0	8,816	250,000	96,612	158,204
RIVA ARTS FESTIVAL FUND	0	0	21	274,245	273,245	1,021
SURVEY OF MOSES MABIDA (40 ERVEN)	0	0	485	15,732	0	16,217
MUN. INFRASTRUCTURE GRANT	0	0	60	582,345	0	582,405
MIG-COOLING FACILITY	0	0	294	390,000	0	390,294
MIG-BALANCE OF FUND	0	0	2,420	1,033,800	0	1,036,220
MIG-KIRKWOOD/MOSES MABIDA	0	0	215	285,000	0	285,215
MIG-EMSENGENI FUND	0	0	20	26,950	0	26,970
CAPACITY BUILDING FOR WARD COMMITTEE	0	0	0	150,000	0	150,000
	8,316,674	0	327,483	17,836,197	20,953,841	6,626,513
RESERVES						
MAINTENANCE & RENEWAL FUND	3,590	0	0	0	3,590	0
GENERAL REPAIRS FUND	50,388	0	0	0	50,388	0
RENT RESERVE FUND	44,800	0	0	0	44,800	0
SALE OF ERVEN	68,136	0	0	14,238	82,374	0
SERVICES FUND	239,139	0	0	0	239,139	0
WATER RESERVE	56,062	0	7,452	195,441	249,513	9,442
	462,115	0	7,452	209,679	669,804	9,442
PROVISION						
PROVISIONS: LEAVE	878,676	251,405	0	0	68,570	1,061,511
PROVISIONS: AUDIT FEES	171,929	0	0	0	0	171,929
PROVISION BAD DEBTS	11,705,447	968,299	0	0	5,662,401	7,011,345
	12,756,052	1,219,704	0	0	5,730,971	8,244,785
TOTALS	22,338,552	1,403,338	345,778	18,057,910	28,044,954	14,100,624

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS

Description	Loan No	Date Issued	Redeemable	Interest	Redeemed or		
					Balance at 30 June 2004 R	Received during the year R	written off during the year R
Annuity Loans							Balance at 30 June 2005 R
	DBSA	417	1,975	2,002	9%	18,139	0
	DBSA	433	1,992	2,013	16.68%	38,729	0
	DBSA	627	1,990	2,006	16.75%	31,595	0
					88,463	0	40,677
							47,786

INTERNAL ADVANCES TO BORROWING SERVICES

Description	Redeemed or		
	Balance at 30 June 2004 R	Received during the year R	written off during the year R
Revolving Fund	104,938	0	104,938
	104,938	0	104,938
	193,401	0	145,615
Grand Total			47,786

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure		Balance at	Expenditure	Written off, Transferred	Revaluation	Balance at
				Redeemed or	Re-allocation	
2003/2004		30 June 2004	2004/2005	2004/2005	2004/2005	30 June 2005
1,250,231	RATES AND GENERAL SERVICES	70,307,962	518,090	0	0	70,826,052
789,738	Community Services	17,867,020	435,572	0	0	18,302,592
215,457	Vehicles & Furniture	257,057	99,885	0	0	356,942
0	Admin Building	3,797,210	0	0	0	3,797,210
0	Plant	0	0	0	0	0
70,578	General Engineering	70,578	52,830	0	0	123,408
58,283	Fire Fighting	58,283	0	0	0	58,283
483	Streets and Stormwater	483	35,337	0	0	35,820
180,000	Land	3,272,248	0	0	0	3,272,248
88,617	Traffic Services	853,169	90,750	0	0	943,919
73,062	Treasury	648,298	56,859	0	0	705,157
15,694	Health Services	2,412,304	3,020	0	0	2,415,324
30,884	Town Clerk & Administration	44,301	7,208	0	0	51,509
12,888	Municipal Manager	90,265	0	0	0	90,265
35,139	Corporate Services	194,631	40,632	0	0	235,263
701	Public Works	5,900,701	0	0	0	5,900,701
7,469	Council General	240,144	49,051	0	0	289,195
0	Community Services	26,865	0	0	0	26,865
483	General Maintenance	483	0	0	0	483
70,073	Subsidised Services	31,708,522	26,371	0	0	31,734,893
0	Cemetery	5,830,701	0	0	0	5,830,701
0	Municipal Buildings	14,710,890	0	0	0	14,710,890
55,706	Parks & Recreation	6,560,906	0	0	0	6,560,906
0	Sport Recreation	4,364,780	0	0	0	4,364,780
4,077	Arts & Culture	4,077	0	0	0	4,077
10,290	Library Service	329,168	26,371	0	0	355,539
0	Work Centre	108,000	0	0	0	108,000
390,420	Economic Services	20,732,420	56,147	0	0	20,788,567
483	Refuse Removal Service	200,483	0	0	0	200,483
389,937	Sewerage and Sanitation Services	20,531,937	56,147	0	0	20,588,084
16,724	HOUSING SERVICES	19,391,228	700	0	0	19,391,928
0	Sub Housing Schemes	19,030,462	0	0	0	19,030,462
0	Moreson Housing	344,000	0	0	0	344,000
16,724	Other	16,766	700	0	0	17,466
0	Selling Schemes - Kwazenzele	0	0	0	0	0
33,646	TRADING SERVICES	35,727,761	25,831	0	0	35,753,592
0	Electricity	14,479,115	0	0	0	14,479,115
33,646	Water Works	21,248,646	25,831	0	0	21,274,477
1,300,601	TOTAL FIXED ASSETS	125,426,951	544,621	0	0	125,971,572
	LESS LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	125,233,551	585,296	-25,239	0	125,844,086
	Loans Redeemed and Advances Paid	16,762,979	40,677	0	0	16,803,656
	Contribution ex Operating Income	2,573,547	500,921	-25,239	0	3,099,707
	Grants & Subsidies	16,253,447	43,698	0	0	16,297,145
	Unrealised Profits	414,719	0	0	0	414,719
	Contributions from the Public	98,206	0	0	0	98,206
	Contributions from Capital Fund	2,400,838	0	0	0	2,400,838
	Non-distributable Reserve	86,729,815	0	0	0	86,729,815
		183,400	-40,675	25,239	0	127,486

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE PERIOD ENDED 30 June 2005

Actual 2003/2004 R		Actual 2004/2005 R	Budgeted 2004/2005 R
	INCOME		
2,300,010	Assessment rates	3,257,710	3,826,600
10,317,644	Equitable Share	6,213,629	11,742,000
195,275	Interest on Investment	172,731	31,000
2,166,571	Government and Provincial Grants and Subsidies	831,876	1,563,000
15,241,149	Income from tariffs, service charges, etc	18,082,999	14,308,400
<u>30,220,649</u>	TOTAL INCOME	<u>28,558,945</u>	<u>31,471,000</u>
	EXPENDITURE		
12,203,137	Salaries, Wages and Allowances	14,376,717	13,616,408
11,867,315	General Expenses	10,367,932	11,966,015
2,794,204	Bulk Purchases Electricity & Water	2,933,388	2,818,000
9,073,111	Other General Expenses	7,434,544	9,148,015
2,027,787	Repairs and Maintenance	2,822,969	2,664,290
646,798	Capital Charges	803,782	1,791,873
23,907	Contributions	476,221	360,837
211,621	Loan Charges	83,571	94,278
0	Contributions to Fixed Assets	0	0
1,696,320	Provision for Bad Debt	968,299	968,299
3,315	Grants & Donations	0	9,000
<u>28,680,200</u>	Gross Expenditure	<u>29,899,491</u>	<u>31,471,000</u>
0	Less: Amounts Charged out	0	0
28,680,200	NET EXPENDITURE	29,899,491	31,471,000
<u>1,540,449</u>	NET INCOME & EXPENDITURE	<u>-1,340,546</u>	<u>0</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 June 2005

Actual income 2003/2004	Actual expenditure 2003/2004	Surplus/ (Deficit) 2003/2004	Actual income 2004/2005	Actual expenditure 2004/2005	Surplus/ (Deficit) 2004/2005	Budget Surplus/ (Deficit) 2004/2005
20,968,724	22,986,986	-2,018,262	17,280,852	22,984,044	-5,713,192	-145,000
18,476,735	19,773,912	-1,297,177	14,430,735	18,517,346	-4,086,611	2,084,999
1,359,966	1,359,966	-	8,756	1,485,229	-1,476,473	-1,486,000
29,802	122,181	-92,379	35,234	328,415	-293,181	-334,000
2,177,870	1,063,917	1,113,953	831,876	1,436,752	-604,876	-
-3,841	2,490,260	-2,494,101	-	572,580	-572,580	-480,824
-	99,608	-99,608	-	466,279	-466,279	-312,287
-	96,713	-96,713	-	447,887	-447,887	-579,004
-	809,701	-809,701	-	1,216,435	-1,216,435	-1,534,885
-	1,144,464	-1,144,464	-	1,760,635	-1,760,635	-937,402
-	1,069,506	-1,069,506	-	3,641,316	3,641,316	-
13,170,498	6,608,932	6,561,566	10,064,871	857,284	6,423,555	11,895,687
-9,852	795,965	-805,817	4,307	857,284	-852,987	-1,130,285
-	347,496	-347,496	-	475,257	-475,257	-531,000
-	59,197	-59,197	-	-	-	-
3,110,571	3,427,342	-316,771	763,110	3,596,128	-2,793,018	-532,197
-	19,582	-19,582	43,058	209,186	-166,130	-143,623
-298	83,031	-83,329	2,646,976	434,948	2,212,028	-184,180
-	32,778	-32,778	-	497,713	-497,713	-527,662
-	13,641	-13,641	-	179,675	-179,675	-226,140
-	22,552	-22,552	-	314,762	-314,762	-272,698
-	27,074	-27,074	-	428,544	-428,544	-395,501
-	59,978	-59,978	7,608	186,122	-178,514	-208,500
-	20,007	-20,007	24,941	22,189	2,752	-12,500
58,524	924,041	-865,517	44,902	1,525,844	-1,581,042	-1,528,000
28,538	161,876	-133,338	-	73,015	-73,015	-81,000
400	78,401	-78,001	28,601	348,272	-318,671	-331,681
1,360	337,885	-336,525	2,038	468,007	-465,969	-359,000
26,226	242,239	-216,013	1,593	103,923	-102,330	-116,477
-	32,778	-32,778	11,620	219,843	-208,223	-231,360
-	37,619	-37,619	-	79,792	-79,792	-89,640
2,000	28,942	-27,942	-	108,543	-108,543	-185,576
-	3,500	-3,500	50	224,543	-224,493	-153,266
2,433,465	2,289,033	144,432	2,805,215	2,850,764	-45,539	-701,999
1,509,053	1,307,127	201,926	1,773,336	1,457,191	316,145	329,066
-	73,841	-73,841	-	147,604	-147,604	-247,066
924,412	823,934	100,478	1,031,879	1,177,969	-146,110	-846,623
-	84,031	-84,031	-	67,870	-67,870	-135,379
137,435	59,840	77,595	112,323	242,335	-130,012	-169,000
137,435	59,840	77,595	112,323	242,335	-130,012	-169,000
9,114,489	5,633,377	3,481,112	11,165,770	6,653,112	4,502,658	314,000
5,269,254	1,976,834	3,292,420	6,765,177	1,557,129	5,033,146	2,458,657
-149	477,946	-478,095	117,292	1,722,031	-1,559,174	-2,534,412
-	9,484	-9,484	4,214,008	3,006,041	1,207,967	-70,755
3,845,384	3,115,515	729,869	81,338	223,136	-141,798	369,000
-	53,598	-53,598	-	-	-	-60,000
30,220,649	28,680,203	1,540,446	28,588,945	29,899,491	-1,340,546	-
		180,151			2,319,423	
		1,720,597			978,877	
		5,930,502			7,651,100	
		7,651,099			8,629,977	

Appropriation for the year (Note 17)

Net surplus / (deficit) for the year

Unappropriated surplus at beginning of year

UNAPPROPRIATED SURPLUS AT END OF YEAR

APPENDIX F

STATISTICS AND GENERAL INFORMATION

POPULATION SIZE 50,719 as per LED PLAN

AREA IN KM

WATER SERVICES

KL WATER SOLD 1,158,902.59

VALUE OF WATER SOLD R 4,887,597.80

PREPAID WATER SOLD R 17,393.76

WATER PURCHASES R 256,901.30

TARIFF PER KL	0 - 6	R 0.00
	6.01-15	R 3.27
	15.01-25	R 4.15
	25.01-40	R 4.42
	40.01-999999	R 4.51

WATER PROFIT R 4,648,090.26

ELECTRICITY SERVICES

UNITS ELECTRICITY SOLD 106,120,577.94

VALUE OF ELECTRICITY SOLD R 7,461,785.20

PREPAID ELECTRICITY SOLD R 704,931.29

TARIFF PER KWH	DOMESTIC	
	0-300	0.354000
	301-700	0.265500
	701-999999999	0.237500

TARIFF PER KWH	COMMERCIAL	
	0-300	0.4721
	301-700	0.3392
	701-999999999	0.2713

ELECTRICITY PURCHASES R 2,675,286.75

ELECTRICITY PROFIT R 5,491,429.74